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Bonn, Irked by U.S., Shifts on NATO Plan

By Robert J. McCormey Washington Post Service BONN — West Germany, irritated by U.S. pressure for an arms control agreement, is backing away from supporting a NATO plan to replace antiquated U.S. short-range nuclear missiles with modern versions, according to West German officials and political sources.

U.S. Worried By Armor on Soviet Tanks

By Malcolm W. Browne New York Times Service NEW YORK — Thanks to an Israeli invention appropriated by Moscow's weapons designers three years ago, many Soviet tanks have become virtually invulnerable to the anti-tank weapons carried by American infantry and aircraft, U.S. military officials report.

Soviet tanks would probably outnumber NATO tanks by more than six to one in a surprise attack, officials say. Because Western commanders can no longer count on effective infantry weapons to bridge the numerical gap, the odds against the West in a nonnuclear land war have lengthened appreciably, these officials assert.

Kiosk French Assault Envoy, Iran Says

LONDON — Iran said Sunday that one of its diplomats, Mohsen Aminzadeh, had been beaten unconscious by French border police on Saturday in the French port of the Geneva airport and had to be hospitalized for severe head injuries.



John Hammond, a record producer who greatly influenced U.S. popular music, died at 76. He is pictured here in 1947.

GENERAL NEWS Prime Minister Bob Hawke of Australia, after winning a third term, vowed to continue his economic program. Page 2. BUSINESS/FINANCE Argentina plans a broad austerity program under a proposed \$1.4 billion agreement with the IMF. Page 13.



Riot police facing off Sunday against hundreds of demonstrators outside the Anglican Cathedral in Seoul. The crowd was protesting a violation of church sanctuary last week when police entered the grounds seeking protesters.

Cracks Appear in Seoul's Stony Wall of Police

By Fred Hiatt Washington Post Service SEUL — For weeks, they have formed a wall of defense around South Korea's regime: row upon row of immovable riot police, faceless behind their black helmets, gas masks and shields.

ANC, Afrikaner Liberals Cite Accord, But They Differ on the Use of Violence

Compiled by Our Staff From Dispatches DAKAR, Senegal — Liberal white Afrikaners and black leaders of the African National Congress ended three days of talks here Sunday, saying they had a shared commitment to fight the apartheid system but that they differed sharply over the use of violence against the South African government.

Hanoi Wants Adviser Role In Cambodia

By Henry Kamm New York Times Service PHNOM PENH — A senior Communist diplomat in close touch with Vietnam's views has strongly suggested in an interview that Hanoi intends to keep firm military links with Cambodia even if it adheres to an announced intention to withdraw its troops in 1990.

New Mexico Shooting Echoes on West Bank

By Glenn Frankel Washington Post Service DEIR DIBWAN, Israeli-occupied West Bank — When an Arab jewelry dealer shot to death two other merchants outside the El Rancho Motel in Gallup, New Mexico, last year, the gunfire echoed all the way to this small Palestinian town.

Poindexter Note Says Reagan Was Told of Diversion

By Fred Farris International Herald Tribune WASHINGTON — The chairman of the Senate committee investigating the Iran-contra affair said Sunday that investigators had "a vitally important document" in which Vice Admiral John M. Poindexter said "the president agrees" to divert profits from the secret sales of arms to Iran to pay for covert activities.

North Placed Spotlight on White House

By Joe Pichirallo and David Hoffman Washington Post Service WASHINGTON — Before Lieutenant Colonel Oliver L. North testified before the congressional hearings into the Iran-contra affair, White House aides were confident that President Ronald Reagan would not be drawn into it any deeper, believing that the marine's damaged credibility would be further undermined.



A TOURIST'S DELIGHT IN TURKEY — A tourist in Istanbul had the Galata bridge, normally a crowded spot, virtually to herself Sunday during a curfew imposed by the government in order to register Turks to vote. About 250,000 officials went door to door from 5 A.M. to 7 P.M., registering everyone 19 or older for a September referendum.

But by week's end, Reagan aides admitted that Colonel North had been an unexpectedly good witness who did exactly what they wanted to avoid. He renewed attention on the role of his superiors, particularly on whether Mr. Reagan knew of the diversion of profits from the U.S.-Iran arms sales to aid the Nicaraguan rebels.

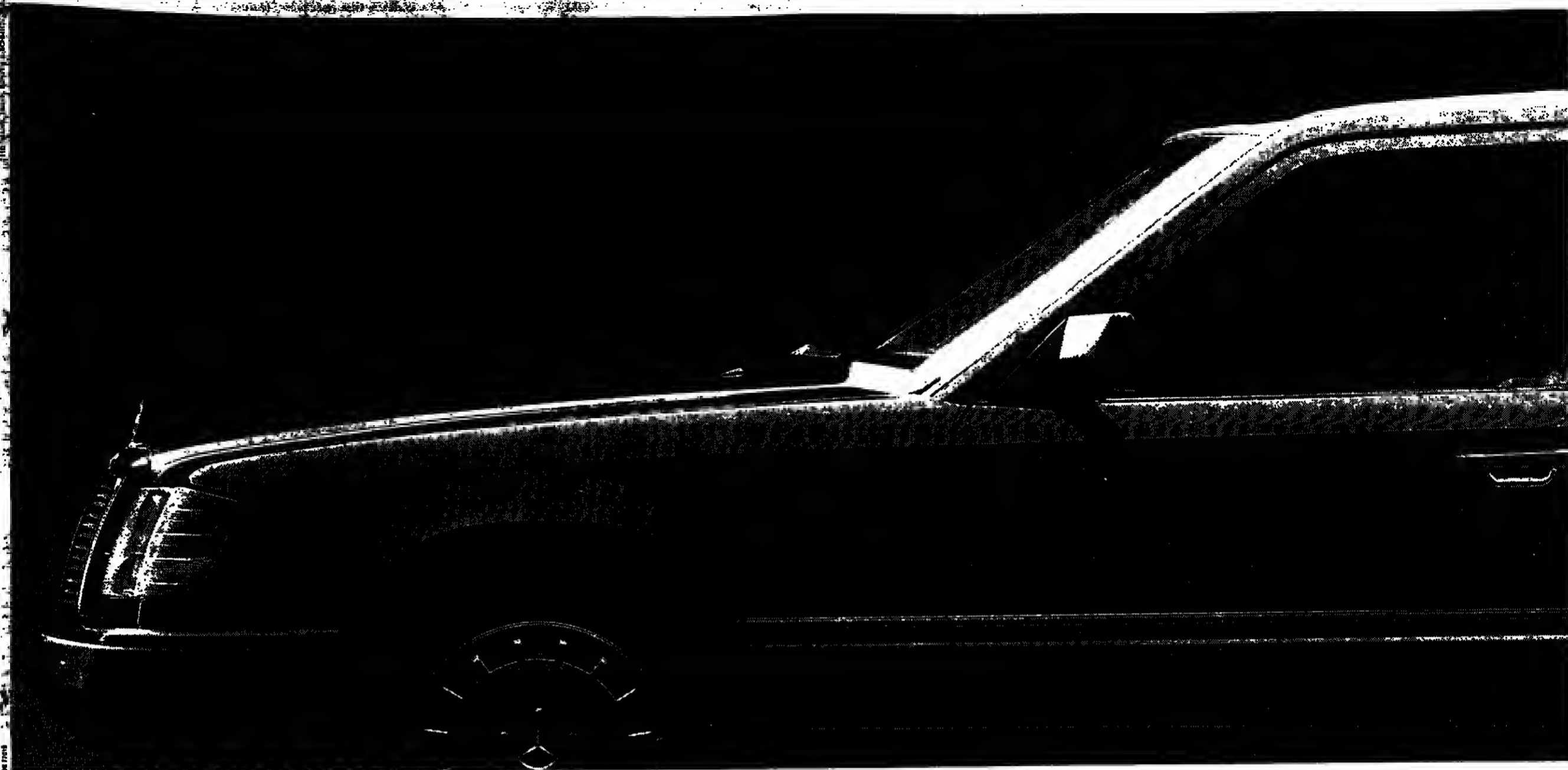
In the Ranks of the Rich, Nobody Tops the Japanese

The Associated Press NEW YORK — Japan has overtaken the United States by yet another measure of success: It has more billionaires than any other country, and the world's richest person is Japanese.





One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.



# New Opportunities.

For Daimler-Benz the 1986 financial statement is significantly more than merely the accounts for the year.

New opportunities are taking shape, and we have the ability to take advantage of them.

For the first time AEG, Dornier and MTU have been incorporated into the annual accounts. Consolidated group sales increased by 25% to DM 65.5 billion.

After the successful closing of the accounts for the anniversary year of the first century of the automobile, this provides an encouraging opening statement for the second - on a broader basis.

Vehicle production in top gear.

In 1986 both domestic and foreign demand for Mercedes cars exceeded production capacity.

In the highly competitive commercial vehicle markets, we maintained our leading position due to our modern range of vehicles and a convincing after-sales service offer.

Our future competitiveness will depend even more on our ability to set progressive standards in both product development and manufacturing technology, to meet the highest demands.

DAIMLER-BENZ GROUP		
	1986	Change in %
Sales (in millions of DM)	65,498	+ 25.0
Domestic	27,838	+ 48.8
Foreign	37,660	+ 11.7
Cars	31,300	+ 9.6
Commercial Vehicles	17,747	- 12.2
AEG	11,069	
Dornier	2,112	
MTU	2,766	
Car Production (units)	594,080	+ 9.8
Commercial Vehicle Production (units)	226,344	+ 5.8
Number of Employees (at year end)	319,965	+ 38.5
Domestic	257,538	+ 38.0
Foreign	62,427	+ 40.5
Personnel Expenses (in millions of DM)	19,358	+ 41.7
Fixed and Financial Assets	12,148	+ 19.0
Investments	5,580	+ 1.6
Depreciation Expenses	3,361	+ 2.6
Cash	14,668	+ 26.3
Stockholder's Equity	12,294	+ 25.8
Basic Share Capital	2,118	+ 24.7
Taxes on Income and on Net Assets	4,034	- 7.1
Net Income	1,767	+ 5.1

Quality before quantity.

With our continuous growth and the broadening of our company's base through the acquisition of AEG, Dornier and MTU, we have gained a new dimension as an industrial concern with a wealth of opportunities for acquiring knowledge and for moving into new areas.

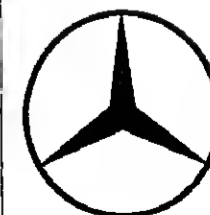
We see this as a major step towards securing the long-term future success of our group. We have always given priority to growth in quality over growth in quantity.

Continuing at the top.

To be a yardstick of progress, it is necessary to place the greatest emphasis on innovation and technology.

Our capital expenditure programme, which will amount to DM 24 billion in the next five years, and the enthusiasm and determination of our employees provide us with an excellent basis to both exercise a decisive influence on the "new age" of the motor vehicle and to be successful in the new areas of activity.

We have confidence in the future. The achievements of the past confirm our resolve.



INTERNATIONAL Herald Tribune

A New Topic for Talks

Throughout the dispute over medium-range nuclear missiles, the cry has been, "We in Western Europe can't cut our nuclear strength — not when the Warsaw Pact is stronger in conventional forces." Yet leaders have been unwilling to foot the bill for more men and weapons, and unable to negotiate a new balance with Moscow.

The Reason to Reflag

Almost everyone seems to agree that the Reagan administration has handled the reflagging issue badly. But that leaves the question of whether the reflagging of Kuwait tankers should proceed. We think it should, but there is a necessary condition. The administration should be made to demonstrate that it understands what it is doing, militarily and politically.

A Rogue Government

At one point, Lieutenant Colonel Oliver North held his left hand aloft as if to pledge "scout's honor." The gesture typified the performance. Indeed, for a time it seemed that the dazzling political theater would obscure the content of the Iran-contra scandal.

Other Comment

And Still the Tourists Come

It seems curious that one branch of government should choose to announce we have a national epidemic of drunken driving at the same moment another announces that more than 1,200,000 tourists came to Britain in April, 30 percent more than last year.

INTERNATIONAL HERALD TRIBUNE

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OPINION

A Friend's Call to Charlie Glass's Kidnappers

By John K. Cooley

LONDON — I decided to address you directly, since I have been a close friend of Charlie Glass from the time we first met in Beirut in 1972. Since you have forced him to make a videotape falsely accusing himself of being a spy, my duty as Charlie's friend is to inform you, and everyone else who reads this, about who Charlie Glass really is.

Charlie avoided U.S. government agencies, especially the CIA. Once he said, "I suppose it would be great to support U.S. policy in the Mideast, if there were one to support."

Sometimes his readers or viewers would accuse him of bias. They were wrong. The only bias Charlie has is a pro-human bias.

During the terrible summer 1976 siege by the Christian Phalangists of the Tel Zaitar Palestinian refugee camp, which Charlie, myself and other colleagues covered together, Charlie in The Guardian of Aug. 13, 1976, after having described the horrors of the siege, reported the PLO for abducting a young Palestinian girl.

Tell your superiors that they, and you, have made a terrible mistake.

prevent her from joining the American Embassy sea evacuation of Beirut. Charlie would never willingly suffer a fool or a lie. Together, he and a Jewish, formerly student in Brooklyn showed up the holes in notoriety ill-informed, pseudo-historical book published in America, whose author used doubtful historical and biblical data. He loved a good scrap. He zealously wrote and answered letters to the editor when controversy erupted between American author Gore Vidal and his detractors a year ago, and between American Jewish intellectual Noam Chomsky and a host of Mr. Chomsky's opponents.

Who Knows What to Do About Iran?

By Jim Hoagland

PARIS — "Strange climate," a Frenchman about a jetliner rising above Washington tells a fellow outboard passenger. The comment does not refer to the wily heat of July. The departing visitor speaks of a slowly vanishing president, of a national preoccupation with Oliver North, Fawn Hall & Co., of a be-named Congress — in short, of the disorder that the Iranian revolution and botched attempts to deal with it have spread through the American system of government.

What to do about Iran, about the cyclone of hatred and fanaticism that whirled out from his leaders, about the foreign hostages whose fate Tehran may control? Oliver North's testimony last week was not the only event to show that Western democracies as a whole have fallen miserably in either confronting or co-opting Iran.

France and Iran are engaged in a tense standoff over French demands to question a suspected Iranian terrorist hiding in the Iranian Embassy in Paris. Iranian police surrounded the French Embassy in Teheran, Paris, recently sought to negotiate a "horrendous" release of French hostages, threatened in suspension to break off relations altogether and has asked publicly when Iran would begin to respect international law.

Britain has completed the withdrawal of all but one of its diplomats from Iran, in a dispute that also has raised the specter of new diplomatic hostages-taking in Tehran.

Yes, back in Washington, Colonel North was walking through another version of what he eagerly dropped Hawk and TOW missiles to the anti-terrorists in Tehran who had blessed a syndicate of the U.S. Embassy in 1979. His conviction, the risks he took and his concern for the hostages justified everything he seemed to argue.

That was the important difference in what was happening in the three capitals. Both the French and the British appear chastened by the lack of realism they showed in trying to work out separate accommodations with Iran's unrepentant revolutionaries.

French officials have concluded that it was pointless, and counterproductive, to try to negotiate with Iran's "fundamentalists." The Iranians, a senior official said, "have a superiority complex and want to see the Americans, the Russians and the rest of us on our knees before their revolution."

But in Washington, Colonel North's buddies on Capitol Hill and President Reagan's deliberate evasion of the chilling implications of the colonel's testimony suggest that the men who mounted and tolerated this scandal have not learned that lesson, in much else, from the shame and disaster visited on the White House.

Colonel North sought to concentrate attention on the "real idea" of fighting the Sandinistas with Iranian money, and on the very concept of covert actions, rather than focusing on his extraordinarily stupid, dangerous and self-defeating wheedling and dealing with Iranians who rejoiced in humiliating, not just him but America, itself, when they finished using him.

One may wonder if we Iranians a free trip to Disneyland if we could have gotten American money for it. Colonel North told the congress that he took the Iranians to his own Disneyland of policy-making, where the hostages would be freed, the course of history in the Gulf would be changed and he would actually be the national hero he still imagines himself to be.

Ultimately, Mr. Reagan pays the price for this fantasy and for doing the one thing even he could not get away with. In mounting a covert operation to send arms to Iran, he lied to his own constituency. He used secrecy to fool the people who had voted for him to do just about anything but arm the ayatollahs.

One way Mr. Reagan pays for this is in the confusion and controversy that surrounded the unexpected White House plan to reflag 11 Kuwaiti oil tankers with the Stars and Stripes. It is a modest proposal that in itself should not cause the handwringing now being observed on Capitol Hill.

But there is legitimate suspicion that the White House is advancing the reflagging operation as yet another inadequate answer to that much broader question of what to do about Iran. As the Iranian attack Thursday on a tanker heading for Kuwait was undoubtedly intended to emphasize, it is a plan that leaves Iran with the initiative. But in Washington's "strange climate," Congress can do no more than watch, like a bird trapped by a snare, as the administration snarls further into harm's way.

The New York Times

Maybe a Pardon for North, but He Forgot His Duty

By James Reston

WASHINGTON — You have to give Colonel Oliver North credit — millions of it. He not only carried the Constitution, but he saved it. He not only carried the Constitution, but he saved it. He not only carried the Constitution, but he saved it.

authorizing the illegal transfer of funds from the Iran arms sales to the Contras, the president's signature on the law catches up with him, he can always count on a presidential pardon.

Article II, Section 2 of the Constitution is quite specific. It says that the president "shall have the power to grant reprieves and pardons for offenses against the United States, except in cases of impeachment."

Colonel North seems to be worried about the special prosecutor's "hundred lawyers down the hall" gathering evidence for his prosecution. But even if they find President Reagan's signature on a dozen documents au-

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The Quarreling of a Divided Government

THESE hearings are not like the Watergate hearings. The offense which triggered the Iran-contra investigation was not an illegal act like a break-in. It was a leak in a Middle Eastern newspaper concerning a secret U.S. effort to open a channel of communications with Iran.

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And So You Need a Strong President

PEOPLE live by their myths. Television's immense power allows Oliver North to fill them. For some Americans, he is a real-life Steve Canyon, the comic page star force colored who follows Columbus at every turn.

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With or Without Gorbachev, Reforms Are Coming

By Arkady N. Shevchenko

WASHINGTON — Predictions that "experts" offer about Soviet affairs are often misleading. One main reason is the obsession with individual personalities. A kind of Mikhail Gorbachev cult of personality has sprung up in the West, clouding the ability to see the forest for the trees.

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Perhaps Ours Was Not the Best Choice

IN THE Russian émigré press the catchwords of the Gorbachev era are put contemptuously in inverted commas or accompanied by such epithets as "notorious" and "so-called." There is something strange in this wholly negative attitude. The motivating force behind the emigration movement of the 1970s was deep dissatisfaction with the previous, post-Stalin trend, with the fact that reforms had been abruptly broken off under Leonid Brezhnev, and society had been ordered to go full-speed into reverse.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Plotters in Cairo

CAIRO — The discovery of the plot to assassinate the three most established personages in Egypt — the Khedive, Lord Kitchener and Mohamed Saïd Pasha, the Prime Minister — has given rise to much comment. There is not much evidence that the secret society that has been unearthed has any wide ramifications. Beyond a few youthful students, it does not include any person of importance. The plot was discovered owing to one of those men being overheard to say, in a café, that he had established a secret society with the object of getting rid of the "enemies" of Egypt. The police was informed and watch was kept over the conspirators' movements.

1937: A Battle in China

SHANGHAI — Heavy fighting broke out again [on July 12] between Chinese and Japanese near Wanning, seven miles west of Peiping, with about 4,000 troops engaged altogether. The campaign was heard in Peiping, where the population of the city is reported to be in a state of panic. The Japanese government continues to regard the situation as "very grave," due to "repeated demonstrations of bad faith by the Chinese troops." Tokio has sent Nanking "a final warning" that if the "acts of provocation" by Chinese troops do not cease immediately, the Japanese Army will take "all necessary measures." Nanking's report was that "the events of the last few days furnish strong evidence that the Japanese government is looking for a pretext to make a second Manchukuo in Northern China."







# PERSONAL INVESTING

## FOCUS

### Small vs. Large: A Closer Look

INVESTORS have long been aware that over lengthy periods of time, the returns on stocks of smaller companies as a group tend to surpass those on stocks of larger companies. "There's a fairly serious body of reliable research that small stocks on average outperform blue-chips," notes Rex Siquefield, chairman of Dimensional Fund Advisors, a Santa Monica, California, investment firm, a long-time student of the phenomena.

That relationship makes good common sense. As a group, small companies typically grow faster than large companies. The higher returns on their shares compensate investors for the additional risks of investing in less established enterprises.

This seems to hold true in the world's three principal markets, according to research by Mr. Siquefield's firm.

The firm ranked the stocks listed on the major exchanges in New York, London and Tokyo according to market capitalization and evaluated their performance over a 17-year period. In each market, the average performance of stocks in the lower half of the rankings outperformed the upper half by about 4 percentage points.

But investors would do well to underscore the word "average." Within the group of small companies from each market, there were sharp variations of fortune, making stockpicking a hazardous enterprise. Investors who bet on one or two small stocks, rather than building a diverse portfolio of 10 to 20 issues, were taking on a lot of risk.

**M**OREOVER, the average performance for long periods of time says little about near-term performance. Even well-diversified portfolios of small stocks will underperform one of larger stocks in certain periods.

Adding to the complexity is that there does not seem to be any reliable indicator to identify the periods in which small stocks will return more than large stocks. "Nothing can forecast whether one will outperform the other," contends Mr. Siquefield.

Indeed, the experience of Japan and the United States in recent years shows how small stocks can disappoint in the midst of a roaring bull market. In the last two years, the shares of larger Japanese companies have returned about 47 percent while those of smaller companies totaled 27 percent.

The gap in the United States was even wider, with larger stocks returning 28 percent and smaller stocks 18 percent, according to the Dimensional Fund Advisor statistics.

An exception has been Britain, where smaller stocks have nudged out those on larger stocks by a margin of 39 percent to 37 percent over the two-year period.

Much like there is little way to tell in a single market when smaller stocks will outperform bigger stocks, there is no correlation among the major three world markets on small-stock performance, Mr. Siquefield says. Far from seeing this as a problem, he says it makes a good argument for a globally diversified portfolio of small stocks. Lagging performance in one market is more likely to be offset by better-than-average gains in another.

Mr. Siquefield has observed at least one key difference between the U.S. market and those in Japan and Britain. In the United States, the returns on small stocks are far more volatile than those on large stocks, according to statistical measures used by professional portfolio managers. Yet the volatility of returns of small and large stock are about equal in the Tokyo and British markets.

This is important for investors who equate volatility with risk.

The inference is that, over the long haul, investors are not taking on much more additional risk for the extra returns on small stocks in Japan and Britain.

Mr. Siquefield, however, is cautious about such conclusions. These statistical measures of volatility may not reflect all the risks inherent in those non-U.S. markets, he says.

For example, the market for smaller stocks in Japan and Britain may be narrower and less efficient than it is in the United States. Buyers of smaller stocks in these markets may be less able to acquire shares at prices deemed appropriate, and sellers may have more trouble finding willing buyers.

William McBride

## UPDATE

### Closed-End Coup

IT is beginning to look like open season on single-country, closed-end funds. Two months after dissident shareholders, led by T. Boone Pickens Jr., forced the Japan Fund to convert to a conventional mutual fund, a group of shareholders in the Scandinavia Fund has declared its intention to take over the fund. (*Personal Investing*, April 13).

The group announced that it had acquired 3,064,000 shares, or 47 percent of the fund, which was launched in June 1986 and trades on the American Stock Exchange. The fund's management has postponed the annual meeting until July 28.

The aims of the dissidents — Erik and Alexander Vik, VBI Corp. and Ingemar Rydin Industribelag AB — are not clear, but observers believe they have no intention of open-ending the fund. This would allow shareholders to cash in on the discount between the price of the fund's traded stock and its higher asset value. Instead, the group wants to elect its own slate of directors to run the \$70 million fund.

Thomas J. Herzfeld, a South Miami, Florida, investment manager who specializes in closed-end funds, says the Scandinavia Fund's discount doubled to between 18 percent and 19 percent after the announcement, reflecting the stock market's nervousness about the change in management. Still, despite the attractiveness of the discount, he says he is not recommending the stock to his clients. "I don't have a really strong view on Scandinavian markets," he says.

John Meehan

## The Privileged World Of Private Banking

### Fees Can Run High, But Service Abounds

By Phil Roosevelt

**C**HASE Manhattan's office at 726 Madison Avenue is not like most banks. A small, red-brick building dating back to the 18th century, it stands in elegant contrast with the store-front convenience that has come to typify modern-day branch-banking. There are no crowds of hurried depositors, no string of tellers' cages. Instead, clients quietly transact their business amid chandeliers, Persian rugs and fine crafted furniture.

"The moment you step in the door," says R. Stephen Rood, 51, the office's manager, "you know that you are in a special place and that you are a special person."

Welcome to the world of "private banking." Once practiced mainly by a handful of small European banking partnerships, the field now includes competitors from almost every major financial center. Banks in New York, London and Hong Kong, as well as Zurich and Luxembourg boast private banking divisions. Even regional banks in the United States are offering their own tailor-made services for individuals.

The object of this industry fervor is to attract what bankers like to call the "high net-worth individual." Ideally, private bankers want to find affluent clients who may not have the time, expertise or inclination to handle their own financial affairs and are willing to pay a fee for the bank to handle their assets.

In the case of Chase Manhattan's U.S. effort, customers generally must have annual incomes of at least \$250,000 or liquid assets of \$500,000 to qualify. Morgan Guaranty, at the high end of the scale, has raised its minimum to \$5 million for international clientele "and we still think it's a little low," says Arthur Scully, a senior vice president in Morgan's private banking division.

Of course, the notion of pampering the affluent is not new in banking. London's exclusive Coutts & Co., for example, has been providing personalized banking for nearly 300 years and today is known to count Queen Elizabeth II among its customers. But, while Coutts has clung to many of its internal traditions — all male staffers must wear frock coats — the bank is well aware that its market is changing.

"There's pretty fierce competition these days," says John Lucas, manager of business development for Coutts. "Everyone is awakening to the fact that these high net-worth individuals really do want personal attention."

One reason for the awakening is the sheer abundance of affluent individuals. Long-term rallies in financial markets, along

with successful entrepreneurial efforts, have created countless millionaires worldwide, and bankers realize that many needs of these individuals are not being met by such mass-market creations as automatic teller machines.

In addition, experts say, private banking is eminently profitable. Banks realize economies of scale by dealing with one customer with \$1 million rather than 50 customers with \$20,000. With profit margins getting ever smaller in traditional consumer banking, such economies are very welcome.

Many banks find private banking to be an ideal fit with their commercial, or merchant banking operations. "After we help make chief executive officers rich, we suggest to them that we can assist them invest their proceeds," says Barbara Thomas, a senior vice president and head of international private banking at Bankers Trust Co.

Private banking used to conjure images of the wealthy clients funneling cash into lumbered accounts in countries out of the reach of tax authorities. Confidentiality has always been a hallmark and best explains why so many private banks have been established in Switzerland and Luxembourg. Even Chase's Mr. Rood notes that the private banking division makes a determined effort to maintain employee loyalty to guarantee discretion. "We have career tellers at a time when career tellers are a thing of the past," he says.

Still, the industry has changed decidedly in recent years. Banks now offer detailed financial advice, comprehensive investment product lines and basic banking services, all while maintaining a measure of old-fashioned personal attention. And investment preservation, not just wealth preservation, is rapidly becoming an important part of the picture.

**E**VEN Swiss banks, whose chief attraction long has been Switzerland's secrecy laws, say that customers are increasingly keeping one eye on their account statements and another on rising market indexes. "People have this magic word 'performance' very much on their minds," observes Ivan Pictet, a partner in Pictet & Cie, a leading Geneva-based private bank.

There is little unique about any single private banking service. In general they are all available elsewhere — either from specific departments within banks or from other types of companies.

Instead, bankers say, the main benefit to customers is convenience. All services are made available to the customer and coordinated, if not administered, by a single private banker, who often bears the title of "relationship manager."

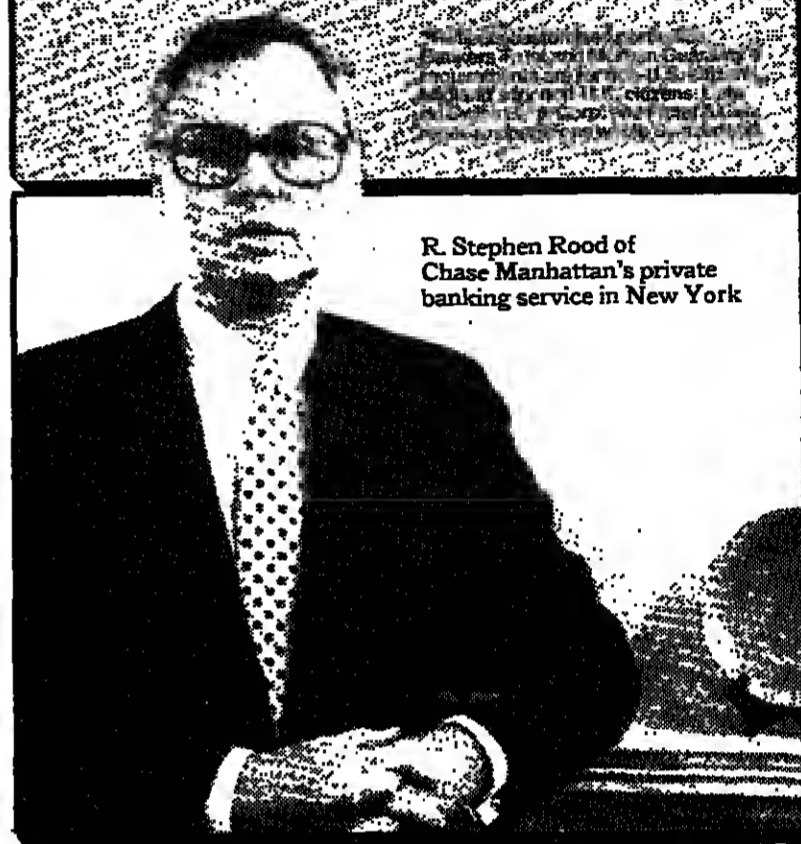
Relationship managers, who are sometimes paid twice as much as the counterparts at standard consumer banks, are supposed to possess more financial expertise and often have earned graduate degrees in business. Ideally, the relationship manager will propose services relevant for the client and then work in concert with specialists at the bank to deliver the services.

For truly prized customers, there is almost no end to how far a

Continued on page 8

## THE PRICE OF PERSONAL SERVICE

Bank	Minimum investment	Annual management fee
Bankers Trust	\$1 million	1 percent, declines as assets exceed \$2 million
Bank of Montreal	\$250,000	0.5 percent, declines as assets exceed \$5 million
Morgan Guaranty	\$5 million	1 percent, declines as assets exceed \$5 million
Pictet & Cie	\$500,000	No fee. Trading commissions and other charges cost slightly above 1 percent
Swiss Bank Corp.	\$750,000	U.S. 1 percent. Other charges average 1.5 percent



R. Stephen Rood of Chase Manhattan's private banking service in New York

## PROFILE

### Robert Prechter Rides the Wave

By John Meehan

**I**n Gainesville, Georgia, it is an unlikely setting, about a half mile down a winding road from Russell's Garage, deep in the heartland of Georgia. But here with only tall pines to obscure the view from his lakeside home, Robert Prechter has earned a reputation as one of the most accurate stock market forecasters in the United States.

Mr. Prechter, perhaps, is the best known practitioner of the Elliott wave principle, a technical — some say eccentric — system of predicting the market's ups and downs that first was developed after the disastrous crash of 1929.

The theory has all but been discarded by the Wall Street establishment, but remains a source of inspiration for Mr. Prechter's fans, 18,000 of whom subscribe to his monthly newsletter, *The Elliott Wave Theorist*, for \$233 a year. Not surprisingly, Mr. Prechter now finds himself cast in the role of a market guru, inheriting the mantle once enjoyed by predecessors such as Joseph Granville. His popularity is understandable.

Ever since the bull market ignited in August 1982, Mr. Prechter has proved uncannily prescient in calling the market's peaks and valleys. He correctly predicted major downturns last July and again warned his readers of the correction in September, when the Dow Jones Industrial average plunged 141 points in the space of a week.

Although he has remained generally bullish for the market's prospects since last November, Mr. Prechter continues to dispense surprisingly accurate short-term advice to clients who use his hot-line telephone service.

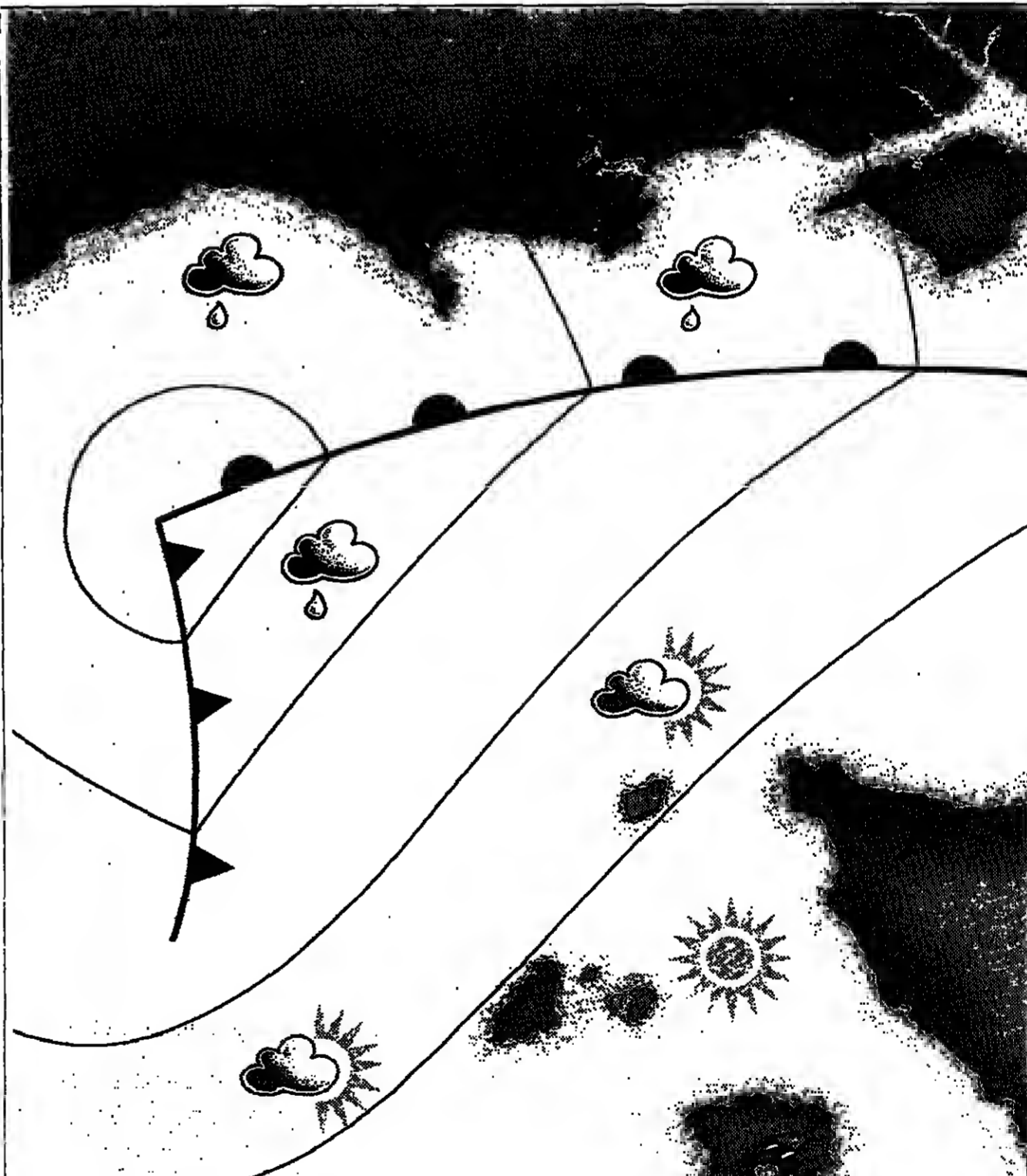
"On average when you look at the past two and half years, he's the

Continued on page 10

*'There's still a thousand points left in this market.'*



Robert Prechter at the lake near his Georgia home.



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# Private Banking: A Range of Services for Privileged Clients

## Why Secrecy Is Crumbling

By Jacques Neher

**C**ONFIDENTIALITY remains a paramount concern for many of those seeking a private banker, but banks are having a tougher time trying to keep a secret these days.

Switzerland's reputation for secrecy, which dates back to a 1938 law that threatens a banker with a fine and imprisonment for divulging information about a client's account to third parties, is a case in point. Last year, Swiss authorities froze accounts held by former Haitian dictator Jean-Claude Duvalier and ousted Philippines president Ferdinand Marcos.

Soon after, Switzerland's shield of secrecy suffered another major dent when it was disclosed that Bank Leu of Zurich had cooperated with the U.S. Securities and Exchange Commission in the Dennis Levine insider trading scandal. In fact, the Swiss are expected to enact legislation this fall that could force any bank to disclose information about an account if a client is suspected of insider trading.

Swiss banking industry leaders say banking secrecy — which they prefer to call "financial privacy" — remains intact. "Secrecy was never absolute; there were always limits when it came to criminal investigations," says Andreas Hubschmid, secretary of the Swiss Bankers Association.

While a banker can never know for sure the origins of a suitcase full of cash, the Swiss in 1977 set up a self-policing mechanism, the *convention de diligence*, in the hopes of keeping so-called "dirty" funds out.

That agreement, updated this year and scheduled to take effect Oct. 1, contains a controversial clause that will prevent lawyers from opening accounts for their clients without disclosing the identity of those clients to the bank.

"It's not written on money if it's good or bad," says Claude de Saussure, president of the bankers' association. "But if we know who the client is, we'll also know if it's drug money or kidnapping money."

Nevertheless, bankers fear the effect this new rule



S. Redinger

will have on Switzerland's private banking sector. As much as 1.5 trillion Swiss francs (\$1 trillion) is being held or managed by private banking officers in Switzerland, according to industry estimates. An estimated two-thirds of these funds are concentrated in the five large commercial banks — Union Bank of Switzerland, Swiss Bank Corp., Credit Suisse, Swiss Volksbank and Bank Leu. The remainder is spread among 104 foreign-owned banks and 24 specially designated private banks.

"This will certainly have an impact," says Rudolf Hugi, deputy director of Chemical Bank Zurich. "It can be very good in that we'll make it known in the United States that Switzerland wants to have a clean

house. On the other hand, it could be negative for business. American lawyers will take advantage of this and say that secrecy is not what it's been."

Not surprisingly, tighter controls have helped private bankers in other areas to attract business that only a few years ago might have gone into Swiss accounts. "The Swiss secrecy product is very expensive and some are not willing any more to pay the high price," says Paul Lakers, head of private banking at Chase Manhattan Bank S.A. in London.

One indication of the changing perception of Swiss secrecy is seen in the growth of non-bank deposits in Luxembourg. Such deposits, which represent institutional funds as well as some private deposits, have tripled since 1980 to 2.3 trillion Belgian francs (\$61.7 billion). Tens of billions of dollars more in private funds are believed to be under management at banks.

Some banking experts believe Luxembourg may soon rival Switzerland as the world's second biggest money haven in terms of foreign deposits. The Cayman Islands is number one.

Like Swiss banks, Luxembourg banks are forbidden by law to release information on clients to third parties. "Though our secrecy laws are pretty close, when it comes to practical application, customers are definitely better protected in Luxembourg than in Switzerland," argues Marc-Hubert Henry, manager of private banking at Kredietbank S.A., Luxembourg's one of 124 banks operating in the 999-square-mile Grand Duchy.

**O**NE reason, say bankers in Luxembourg, is that there are very few American customers at this point. Moreover, the small private banks established in Luxembourg do not harbor the global ambitions that many Swiss banks have. Many bankers suspect that Switzerland is responding to pressure from American authorities who may have subtly, or overtly, threatened to yank the banking licenses of the major Swiss banks operating in the United States if such cooperation was not forthcoming.

Still, smaller depositors may have little to worry about. Most of the U.S. enforcement effort typically has been aimed at those involved in extreme cases of tax evasion or trying to conceal profits from criminal activities like narcotics dealings.

"If you choose to use a foreign bank to hide small amounts of income, you can probably get away with it," acknowledges Johnell Hunter, a spokeswoman for the Internal Revenue Service in Washington. □

Continued from page 7

relationship manager might go. Stories abound of their ordering limousines for their clients at airports, walking clients' dogs, and helping find schools for clients' children. When a Chase client in New York was hospitalized a while ago, his banker brought her cups of soup from a delicatessen.

Asset management, however, is the centerpiece of private banking. Most banks offer customized investment portfolios, they say, that are tailored to each client's needs.

Clients can tell their private banker to be aggressive or conservative and then establish a discretionary account, allowing the bank to trade stocks, bonds or other investment vehicles on their behalf.

"Most people want a reasonable return, but their primary goal is protection of assets," says Carol Faury, head of private banking at Chemical Bank.

Of course, basic banking services are also important. Checking accounts and credit cards are freely given to clients. In the U.S., more and more private bankers are promoting individually tailored loans for customers whose needs might otherwise fall somewhere between a consumer banker and a commercial loan officer. For growing numbers of customers, these loans are the main draw of private banking.

"The good news is that private bankers really do understand the complexity of a high net-worth individual's dealings," says Robert Imazio, a partner in the accounting firm of Coopers and Lybrand who signed up with a private banker to meet his credit needs.

He adds, however, that comparison shopping for private banking loans can pay off; he says that he was quoted interest rates that differed by as much as one percentage point.

Speedy service is also a feature of the customized credit programs. Robert Garver, head of Manufacturers Hanover Trust Co.'s U.S. private banking division, recalls that a client once called New York from the West Coast for \$1.2 million to invest in a leveraged buyout that was going to close in 36 hours. The bank analyzed the proposal overnight and quickly approved the loan.

Beyond credit, private bankers delve into such areas as financial planning, including a complete review of a client's assets, liabilities, insurance and estate planning. Real estate and fine-art investment services are offered in many programs.

One of this comes cheaply. Each service carries a fee — Chemical charges \$7,500 for financial planning, for example — and even checking accounts may have charges if the customer's account dips below certain balance levels.

In investment management, most private banks charge an annual management fee and deduct from the portfolio value a small amount to cover trading commissions.

Generally, the annual total costs are about 1 percent of the portfolio's value for the first \$1 million invested. The management fee declines as the size of investment increases and if the assets are substantial enough, some banks are willing to negotiate a fee.

"People who manage money well are entrepreneurs," he says. "They hate bureaucracies, internal structures and decisions by committee."

**I**N some countries, Switzerland in particular, the total charges can be higher. That is because Swiss practice holds that the bankers not only pass along the cost of trading to consumers but also extract a profit. In addition there, a government tax on trading is passed to consumers and some private bankers also add on a fixed management fee.

"The Swiss fees are rapacious," asserts Larry Biehl, a principal in the investment advisory firm of Bellard, Biehl & Kaiser of San Mateo, California.

For customers investing through Bank Leu's Switzerland offices, the annual charge for a customized portfolio could be as much as 0.5 to 1 percentage point higher than the fee for similar services through the bank's New York office, acknowledges Ferdinand Schoppig, head of Bank Leu's private banking unit in New York.

The difference, experts say, represents a surcharge for Swiss dis-

*Asset management is the centerpiece of private banking. Most banks offer customized investment portfolios tailored to each client's needs.*

Gilbert Mean, who tracks the performance of money managers for Dean Waring Reynolds, adds that good money managers often find higher compensation outside the banking industry.

Comparing the performance of banks' customized portfolios can be tricky, for private bankers, unlike mutual funds, rarely advertise their performance and many private bankers argue that no two portfolios perform alike.

Some experts question, however, just what "retrofitting" means. Mr. Mean says that in the past, most investment managers maintain several generic portfolio strategies, such as growth and income or aggressive, growth, and fixed income, and customize them. Tax and income considerations often account for the differences.

Potential criticisms, however, can be met. "The results of a bank's pooled fund funds, which will give a rough idea of the bank's investment prowess."

Quite apart from the performance question, there is the more fundamental question of whether a customer really wants to hand over \$500,000 to any single money manager. In the interest of spreading risk, Mr. Mean says that he often recommends two managers for clients with \$100,000 or more to invest.

**A**LTERNATIVES are seen to come by looking for the range of banking services available at a private bank. A traditional money manager is an obvious choice for an individual interested solely in professional asset management.

Money managers' fees are competitive with those of private bankers, and the minimum investments required can be substantially below the private banking level. In most cases, however, the money management client will have to go elsewhere for other financial services, possibly getting bogged down with multiple specialists.

Another alternative is the so-called cash management accounts offered by both banks and brokerage firms. The Merrill Lynch Cash Management Account, the industry leader, requires an investment of \$20,000, which is put into securities accounts. Dividends or other monies that are not invested are swept into money market funds or depository accounts. Checking services and debit cards are also part of the offering.

To a lesser extent, mutual funds are a third possibility. Indeed, some private bankers offer funds for smaller, minimum investments. But funds can never be fully tailored to an individual's needs.

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# Desk-Top Printing Makes a Splash

But seasoned observers of the sector caution that the field is not for faint-hearted investors.

By Cynthia Catterson

**T**HERE never seemed to be any doubt that Aldus Corp.'s debut last month as a public company was going to make a big splash. The software company's Pagemaker product provides a key element in the desk-top publishing technology that turns a personal computer system into a sophisticated printing shop.

"It was a very hot deal, the type of story that got a lot of retail interest," says Robert E. Matson, partner at Harvard Management in Boston. Responding to investor interest, the underwriters had raised the offering price to \$20 a share from the planned \$14 to \$16. But only two hours after opening on June 16, Aldus rocketed to \$35.75. Currently, it is trading at about \$30.

"Aldus is the most important player in a very hot marketplace, so it stands to reason that there is a high level of interest in the stock," says Jonathan Seybold, publisher of The Seybold Report, which operates the computer-aided publishing industry. "But I would never have predicted the closing price. It's extraordinary."

The Aldus offering insures a higher profile for computer-aided publishing and is certain to set off a scramble by investors for other opportunities. But seasoned observers of the technology sector caution that the field is not for faint-hearted investors. While the experts agree that computer-aided publishing has impressive growth potential, the pace of innovation and intense competition make for nervous trading in these fast-growing companies.

A case in point is another desk-top publishing issue, Adobe Systems, whose initial offering a year ago did much to whet investors' appetites for Aldus. "For those who did not play Adobe and missed out, [Aldus] was their second chance," says Mr. Matson.

Adobe, creator of the Postscript software that set the de facto industry standard for linking personal computers with laser printers in desk-top systems, went public last August at \$11 a share. After a two-for-one split, the stock leapt to \$56 by spring.

But investors who came in late look a beating. A series of rumors then buffeted Adobe, pulling it as low as \$31, still 24 times projected 1988 earnings. The stock took a four-point jolt recently when a

product similar to Postscript—a "clone" in industry jargon—was announced at a computer trade show. Then just like week, Adobe rebounded, taking a 3-point jump in a single session, to \$32.50 a share.

"It's a profitable little company," observes R. Alex Henderson, an analyst at Prudential Bache Securities. "But it's very risky because it doesn't move solely on fundamentals."

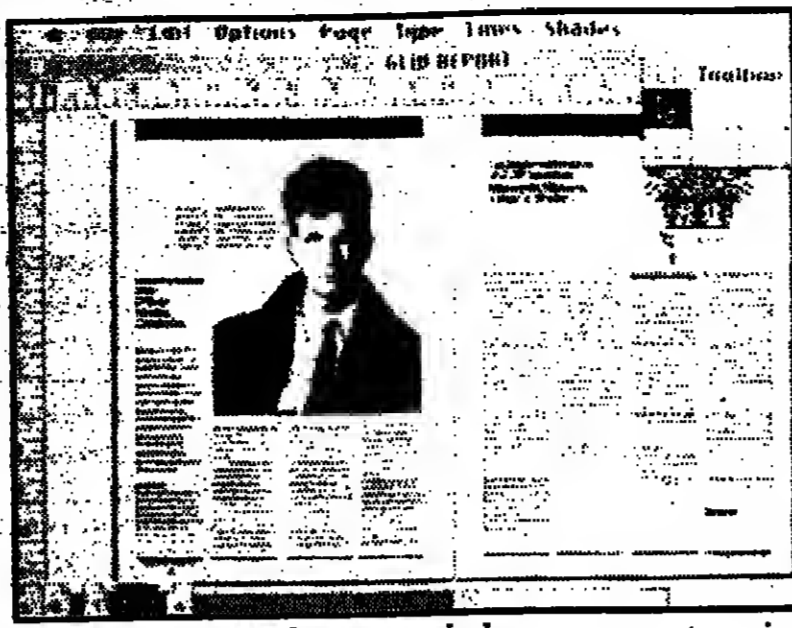
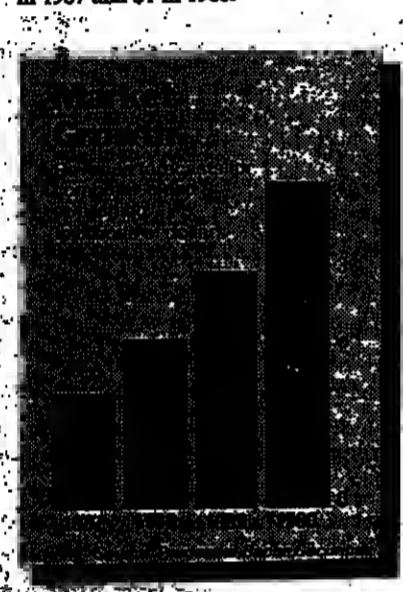
Mr. Henderson believes the stock could rebound to \$45 to \$50 per share by the end of 1987. The company recently reported a 90-percent increase in fiscal second-quarter earnings, while revenue swelled 150 percent.

There are already mutterings that the enthusiasm for Aldus is overdone at its current price. Mr. Matson of Harvard Management was a buyer of the initial offering but took his profits quickly.

"I knew it would go up significantly," says Mr. Matson, "but it got too pricey in the mid-thirties." Mr. Seybold agrees: "The valuation is rather rich."

The premium on Aldus shares reflects how the company is cashing in on demand for Pagemaker, which lets users of personal computers lay out text and graphics on their video display terminals.

Aldus reported that revenue more than quadrupled in the first quarter to \$8.2 million. Followers of the company forecast that it will earn about 75 cents a share in 1987 and \$1 in 1988.



Here is how a newsletter page looks on a computer using Aldus' Pagemaker.

So far, Pagemaker is the only page-composition product available for both Apple and IBM personal computer operating systems. There are already about 60,000 of the software packages in use.

The attention that Aldus has attracted, says Mr. Henderson, means that companies in other segments of the computer-aided publishing field may offer opportunities. "There is more to computer-aided publishing than just the desktop systems," he says. Investors should also look into providers of large, sophisticated systems to big corporations.

Two companies that Mr. Henderson strongly recommends are Xyvision and Interleaf, which offer high-end and mid-range systems respectively. Each company enjoys a leading position as suppliers to corporate publishing departments that produce complex technical manuals and product catalogs.

"These [two] companies have the potential for 50 to 60 percent appreciation in value over the next year," Mr. Henderson says. At \$13 a share, Xyvision is selling at about 16 times estimated 1988 earnings. He estimates that Interleaf will earn about 60 cents a share in 1988, about 27 times its current price of \$16.

Given the volatility of these stocks, investors would be wise to spread their bets, advises Robert Herwick, an analyst with Hambrecht & Quist. "A package of the leading companies—Xyvision, Interleaf, Adobe, and Aldus—would probably be the best strategy," he says.

That strategy would help limit the risks from the inevitable competitive maneuvering ahead.

"As the market becomes more mature, there is going to be pressure for the smaller firms to quickly adapt to changes in technology and increased competition," cautions Mr. Herwick.

Analysts note that computer-aided publishing is still in its infancy and, for the most part, these smaller companies have had the field to themselves. Competition

from any of the large computer companies, such as IBM and Digital Equipment, with their strong sales and services forces and large research and development budgets, could alter the picture. Xerox and Hewlett Packard already market their own desktop systems.

**H**OWEVER, Mr. Henderson at Prudential-Bache notes that strategic alliances between large and small companies have already emerged. Interleaf, for example, has an arrangement to sell software to IBM, Digital Equipment and Eastman Kodak.

Another uncertainty arises from the introduction of far more powerful personal computer systems. These new personal computers could take on the tasks now performed by the Interleaf and Xyvision systems.

Much will depend on how fast the demand for computer-aided publishing grows. Mr. Henderson estimates that the industry will generate \$1.35 billion in revenues in 1987, up 70 percent from 1986. He expects revenues to increase more than 30 percent annually, exceeding \$4 billion by 1990.

Figures compiled by Dataquest, a market research firm, indicate that computer-aided systems offer enticing savings to corporations. The typical Fortune 500 company spends \$20 to \$40 million a year on printed materials, which represents 6 to 10 percent of total company costs. Dataquest calculates that computer-aided systems could cut publishing costs by as much as 50 percent and reduce revision and production time by as much as 75 percent.

But skeptics, such as Mr. Matson at Harvard Management, remember the rosy forecasts for computer-aided engineering and design systems. A few companies have done well in that field, but it was far from a bonanza for investors. "I look at the [computer-aided publishing] market with caution," he says.

# The Plantation Play

As commodities rise, so do these Malaysian stocks.

By Patrick Smith

**W**HEN world commodity prices are in a slump, as they were until a year ago, no one wants much to do with the rubber and oil-palm estates that blanket vast tracts of this verdant nation. In times like those, Malaysians tend to view plantations as an unfortunate legacy of British colonial rule; investors begin to ask how quickly they can be turned into suburban sprawl.

When prices turn, however, as they have in recent months, it is a different story. The backbone of the Malaysian economy for almost a century, the plantation sector can bring the Kuala Lumpur Stock Exchange back to life with the suddenness of a tropical shower.

Conservatively managed and almost completely debt free—another legacy of the British—the best of the planters can translate gains in the marketplace into bottom-line earnings with unusual efficiency. Not surprisingly, the sector has been the focus of the relentless buying—first by foreign fund managers, more recently by locals—that has driven the KLSE's composite index up some 140 pct in the past 12 months.

"If you're investing in Malaysia, you've got to have a weighting in the planters," says Stephen Davies, an analyst at Barclay de Zoete Wedd. "Rightly or wrongly, this market is still perceived as a commodities play."

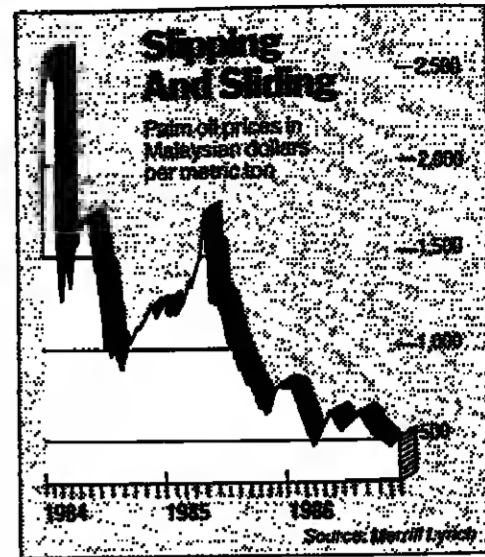
Much has changed among the plantations themselves since a British botanist first transplanted Brazilian rubber trees here 111 years ago. Oil palms, brought from Africa in 1917, are now the premier plantation crop. A decade ago, planters added cocoa to the mix.

Highly visible symbols of the old British domination, the plantations became the targets of a massive nationalization scheme launched in the mid-1970s. The resonant names remain—Harrisons and Crossfield, Guthrie, Dunlop Estates, Sime Darby. But only two smaller groups have not changed hands: Rowe Evans, a collection of six separate plantations, and Socfin, a French-Belgian concern.

Just as important, Malaysia has struggled mightily over the past three decades to advance beyond the economic legacy of the colonial era. Manufacturing, of little consequence at independence in 1957, now rivals agriculture in economic significance. Both account for about a fifth of national output.

It is the recent revival of rubber and palm oil prices, however, that has driven the stock market forward. The price of rubber smoked sheets of benchmark grade, called RSS1, has risen 36 percent, to 2.45 Malaysian ringgit per kilogram. Palm oil is now fetching 780 ringgit per metric tonne, compared with 440 ringgit last year.

For most leading plantations, both prices are now well above profitability levels. And in spite of traditional uncertainties—the challenge from synthetic rubber, for instance, or from other edible oils—most analysts expect prices to remain firm at least for the



rest of this year. Several weeks ago, the Kuala Lumpur Commodities Exchange forecast a palm oil price of 1,000 ringgit in the medium term.

"You're buying into an earnings recovery," a British broker in Singapore says. "And you're buying solid assets at the same time."

As in the market as a whole, however, foreign investors face the common problem of finding their way into stocks that are in short supply. Familiar with the terrain, some British brokers follow as many as two dozen of the 42 rubber and oil palm stocks listed on the KLSE. Most analysts say, however, that there are only three major players—Harrisons Malaysian Plantations, Consolidated Plantations and Kuala Lumpur Kepong—that are large and liquid enough to provide for a significant amount of movement among overseas buyers.

Highlands and Lowlands, or Hi and Lo, is the most accessible of the second-tier listings. "But even that is not particularly marketable," says Mr. Davies, of Barclay de Zoete Wedd.

In effect, the supply problem has created a two-tier market. While the exchanges overall price-to-earnings ratio is about 37, Harrisons has a historic P/E of 55, "Cons Plant" (the estate subsidiary of Sime Darby) sells at 43 times earnings and Kuala Lumpur Kepong is at 113.

Despite the lofty prices, foreign analysts continue to tell clients to hold plantation shares in any case, and perhaps buy when they can. Harrisons is renowned for its efficient management and for a healthy mix of rubber, palm oil and processing activities, such as oil refining and rubber processing.

Kuala Lumpur Kepong is favored because it is the one planter that has aggressively opened new acreage to expand into palm oil, rather than chopping down rubber trees to make way for the new crop. If there is softness anywhere, it is in Cons Plant, which is heavily reliant on palm oil alone. Along among the three, its prospective P/E is expected to rise.

Given the global inflation outlook, many investors are coming to view the planters as a store-of-value buy as much as a cyclical opportunity.

"The plantations are the first stocks you look at in this market," says Lee Siang Chin, chief executive director of Arab-Malaysian Securities Sdn. Bhd. "Where else in the world can you invest directly in commodities?"

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Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists Euromarket bond issuers like A.D.B., A.D.B., A.D.B., etc.

Euromarkets

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Euromarkets

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists Euromarket bond issuers like A.D.B., A.D.B., A.D.B., etc.

Chicago Exchange Options

Figures as of close of trading Friday, July 10

Large table with columns: Option & price, Calls, Puts. Lists various options contracts and their prices.

Chicago Exchange Options

Figures as of close of trading Friday, July 10

Large table with columns: Option & price, Calls, Puts. Lists various options contracts and their prices.

Euromarkets At a Glance

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists Euromarket bond issuers like A.D.B., A.D.B., A.D.B., etc.

Weekly Sales

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists weekly sales data.

Libor Rates

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists Libor rates.

U.S. Treasury Bonds

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists U.S. Treasury bonds.

Wall Street Review

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists Wall Street review data.

NYSE Most Actives

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists NYSE most active stocks.

AMEX Most Actives

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists AMEX most active stocks.

NYSE Dividends

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists NYSE dividends.

AMEX Dividends

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists AMEX dividends.

NYSE Sales

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists NYSE sales.

AMEX Sales

Table with columns: Issuer, Con, Mat, Price, Yld, Spd, Trfy. Lists AMEX sales.

WestLB Fixed Income and Equities Trading - for dealing prices call: Düsseldorf, London, Luxembourg, Hong Kong. Includes contact information for WestLB.

هكمان الامرن



# NASDAQ National Market

OTC Consolidated trading for week ended Friday, July 10

Selling	100s	High	Low	Close	Change	Net	
						100s	High
AAWB	100	114	113	113	-1	10	-
AB	100	114	113	113	-1	10	-
ABX	100	114	113	113	-1	10	-
AC	100	114	113	113	-1	10	-
ACD	100	114	113	113	-1	10	-
ACF	100	114	113	113	-1	10	-
ACG	100	114	113	113	-1	10	-
ACH	100	114	113	113	-1	10	-
ACI	100	114	113	113	-1	10	-
ACJ	100	114	113	113	-1	10	-

Selling	100s	High	Low	Close	Change	Net	
						100s	High
AD	100	114	113	113	-1	10	-
ADP	100	114	113	113	-1	10	-
ADQ	100	114	113	113	-1	10	-
ADR	100	114	113	113	-1	10	-
ADT	100	114	113	113	-1	10	-
ADU	100	114	113	113	-1	10	-
ADV	100	114	113	113	-1	10	-
ADW	100	114	113	113	-1	10	-
ADX	100	114	113	113	-1	10	-
ADY	100	114	113	113	-1	10	-

Selling	100s	High	Low	Close	Change	Net	
						100s	High
AG	100	114	113	113	-1	10	-
AGP	100	114	113	113	-1	10	-
AGQ	100	114	113	113	-1	10	-
AGR	100	114	113	113	-1	10	-
AGT	100	114	113	113	-1	10	-
AGU	100	114	113	113	-1	10	-
AGV	100	114	113	113	-1	10	-
AGW	100	114	113	113	-1	10	-
AGX	100	114	113	113	-1	10	-
AGY	100	114	113	113	-1	10	-

Selling	100s	High	Low	Close	Change	Net	
						100s	High
AH	100	114	113	113	-1	10	-
AHP	100	114	113	113	-1	10	-
AHQ	100	114	113	113	-1	10	-
AHR	100	114	113	113	-1	10	-
AHT	100	114	113	113	-1	10	-
AHU	100	114	113	113	-1	10	-
AHV	100	114	113	113	-1	10	-
AHW	100	114	113	113	-1	10	-
AHX	100	114	113	113	-1	10	-
AHY	100	114	113	113	-1	10	-

## Mutual Funds

Figures as of close of trading Friday, July 10

NEW YORK (AP) - The following mutual funds, as of the close of trading Friday, July 10, were up or down from their previous close.

Fund Name	Change
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04

Fund Name	Change
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04

Fund Name	Change
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04

Fund Name	Change
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04
Fidelity Divd Growth	0.04

## American Exchange Options

Figures as of close of trading Friday, July 10

Option	Price	Colls	Puts	Option	Price	Colls	Puts
AAWB	113.50	114.00	113.00	AB	113.50	114.00	113.00
AB	113.50	114.00	113.00	AC	113.50	114.00	113.00
AC	113.50	114.00	113.00	AD	113.50	114.00	113.00
AD	113.50	114.00	113.00	AE	113.50	114.00	113.00
AE	113.50	114.00	113.00	AF	113.50	114.00	113.00

New International Bond Issues

Compiled by Aimee Potter Hardaux

Table with columns: Issuer, Amount (millions), Mat., Coup., Price, Price and week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

EUROBONDS: Markets Unmoved by Tax Imbroglia

(Continued from first finance page) Treasury's late Friday announcement that the tax exemption will be maintained remains to be seen...

2 Big Credits Expected As Season Winds Down

By Carl Gewirtz International Herald Tribune PARIS—Two large international credits, probably the last before the summer doldrums shutter the markets, are expected to be announced this week.

INTERNATIONAL CREDIT

new jet aircraft. Chemical Bank, National Westminster and Mitsubishi Bank have been appointed to organize the complex financing, which will be long-term and secured by the aircraft.

Investor Is Aiding Fairchild

NEW YORK — A group headed by a leading New York money manager, George Soros, is investing \$34 million to help fund a wide revamping of Fairchild Industries Inc., the military contractor.

Rosewood Bids for Apparel Firm

By Peter H. Frank New York Times Service DALLAS — Caroline Hunt Schoellkopf, by some accounts the richest woman in the United States, is seeking to add Phillips-Van Heusen Corp., the New York-based apparel company, to the businesses run by her estate.



Caroline Hunt Schoellkopf

Japan's Mitsui Is Ranked As World Leader in Sales

NEW YORK — Mitsui & Co., the Japanese trading company, has displaced Royal Dutch/Shell Group as the largest company outside the United States in terms of revenue, according to Forbes magazine.

Saudi Investor Holds 5.3% of Transamerica

NEW YORK — A company controlled by Sulaiman S. Olayan, a Saudi Arabian businessman, has disclosed that it owns 5.29 percent of Transamerica Corp., but has disavowed any desire for a takeover.

AUSTERE: Argentine Accord

(Continued from first finance page) Michel Camdessus, said the level of support for the package constituted the "critical mass" necessary to recommend the standby program for Argentina to the IMF's executive board.



"Sometimes I have to ignore attractive investment opportunities simply because the costs of switching between markets are too high."

Bond Prices Rise Moderately

NEW YORK — Prices of government securities rose moderately Friday in response to a smaller-than-expected increase of 0.2 percent in June's Producer Price Index.

Advertisement for Capital Strategy Fund Limited and Gartmore, featuring a portrait of a man and promotional text.

U.S. CREDIT MARKETS

much after the May increase of 0.3 percent. The small June rise added to speculation that the economy was still slow—which is good news for bond prices—and that this week's new economic data could reinforce those beliefs.

Table titled 'U.S. Consumer Rates' with columns for item and rate. Includes Treasury Note, Money Market Funds, etc.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns for Sales in 100s, High, Low, Close, and Net Change. Includes sub-sections (Continued), M, and K.

Table with columns for Sales in 100s, High, Low, Close, and Net Change. Includes sub-sections M and K.

Table with columns for Sales in 100s, High, Low, Close, and Net Change. Includes sub-sections M and K.

Table with columns for Sales in 100s, High, Low, Close, and Net Change. Includes sub-sections M and K.

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INTERNATIONAL POSITIONS
You will find below a listing of job positions published last Thursday under the rubric International Positions.
TITLE SALARY EMPLOYER

Souren Melikian
IN THE HT EVERY SATURDAY
WITH AUTHORITY WRITING
ON THE WORLD OF ART AND ART AUCTIONS

كوزمان الأصيل



# BANKS: Congressional Vote Was Blow to White House's 6-Year Deregulatory Effort

(Continued from first finance page) necessary. The vote was a setback in a two-year Treasury effort to adequately recapitalize the fund.

The battle began in earnest earlier this year. The administration knew that the thrift fund was in bad trouble. But it also realized that key members of Congress, including the new Senate Banking Committee chairman, William Proxmire, and Representative Ferdinand J. St Germain, chairman of the House Banking Committee, would not stop at a simple bailout of the fund.

The two banking bills then had to be reconciled by a conference committee. The first key vote was over whether the House conferees would consider the Senate's broader legislation. They did.

Numerous amendments were offered on June 30 to dilute the ban on nonbank banks. All failed. The other business of the conference—a move to stop banks from underwriting new securities and the \$8.5 billion thrift-fund rescue—was approved with relative ease.

insurance agents. The big banks lost badly. Small banks, who took on big companies such as Sears, Roebuck & Co., I.C. Penney and American Express Co. over the ban on limited-service banks, won by a hair.

The thrift industry wanted the bailout of the fund to be smaller than the administration suggested, realizing that it was committing future profits to any borrowing authority. It also believed that if the industry's troubles became serious enough, the Treasury would finance any bailout.

and scholars, who insist that to keep banks out of securities underwriting and to ban commercial companies from banking merely protects existing interests from further competition.

Whether the bill will become law is far from certain. Little serious opposition is expected in the House Rules Committee, which must now approve the bill, or in the full House or Senate. But Treasury sources say they are drafting a veto proposal to send to the White House, and the administration knows a veto is about all it has left to halt the bill.

There are strong arguments against a veto. One is that it would send a dangerous signal to nervous thrift depositors. Since September, \$22 billion in deposits, excluding interest, has been withdrawn.

Another is that the Federal Deposit Insurance Corp. and some other segments of the administration favor the bill. Resolution of the thrift problem would reduce pressure to merge the FSILIC into the much healthier FDIC. Further, the bill removes the FDIC from the budgetary restraints and oversight of the White House Office of Management and Budget and gives it regulatory powers to deal with failing banks.



Computers Superseding 'La Corbeille' Traders gathering around the 19th-century trading pit at the Paris Bourse for one last time: The symbolic central enclosure, the "corbeille," or basket, was to be removed over the weekend to make room for a computerized trading system. The corbeille dates back to 1827, but Xavier Dupont, chairman of the stockbrokers association, said, "This isn't a loss and no one here is giddy about it."

# Greenspan Lists Possible Conflicts of Interest

By Nathaniel C. Nash  
New York Times Service  
WASHINGTON — Alan Greenspan, President Ronald Reagan's nominee for chairman of the Federal Reserve Board, will not participate in regulatory decisions that directly affect J. P. Morgan & Co., according to a document Mr. Greenspan submitted to the White House and Congress.

regulatory experts have predicted further requests for expansion of the sphere in which banks may operate. According to the document, Mr. Greenspan would not participate in decisions on applications from Morgan, but would discuss and vote on the great majority of applications by banks to enter new businesses and complete mergers.

Mr. Greenspan's involvement in the private sector is in contrast to the departing chairman of the Federal Reserve, Paul A. Volcker, who had a long career in public service. In answering how he would resolve potential conflicts of interest, Mr. Greenspan wrote, "I plan to sever all previous relationships and recuse myself," or excuse himself, "if at any time the interests of past business associates or clients are directly involved."

# TRACTORS: In U.S. Farm-Equipment Industry, Business Goes From Bad to Worse

(Continued from first finance page) big tractors with 100 horsepower or more, and combines, the giant harvesting machines used by grain farmers.

Allis-Chalmers sold its farm-equipment operations to a West German heavy-industry company, Klockner-Humboldt-Deutz A.G., and attempted to struggle on making mining and industrial equipment before finally filing for protection from its creditors.

Even Deere, long the industry leader, was not immune. While it has weathered the downturn better than most, because of its size, financial strength and aggressive spending on product development and factory automation, it has reported losses in several quarters.

Similarly, small tractors, of less than 40 horsepower, are most popular in Japan. All the small tractors sold in the United States are made in Japan by American companies with plants there or by Japanese companies that also sell the products in the United States.

which typically start at about \$5,000, are generally not traditional farm equipment customers but people with very large lawns, or weekend and part-time farmers. Lately, though, even the "under-40s" seem to have become infected with the industry's problems.

Mr. Greenspan listed as other potential conflicts of interest Capital Cities-ABC Inc., General Foods Corp., Mobil Corp. and Pittston Co., all companies of which he is a director. He also listed deferred compensation agreements with Aluminum Co. of America and Antomiaz Data Processing Inc.

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Now in the 1987 completely revised and updated edition, almost 200 pages of indispensable information in English on a selection of 81 of the most important French companies, as well as basic facts on other major firms. Includes information on the French economy and major sectors of activity, an introduction to the Paris Bourse, and a bilingual dictionary of French financial terms.

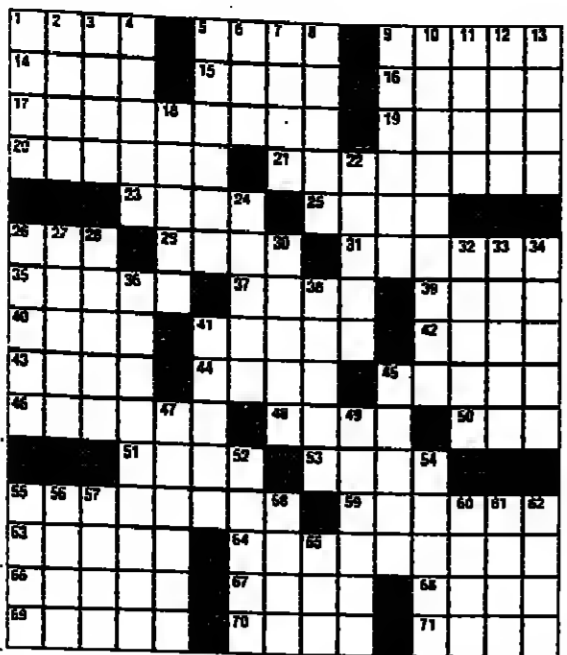
1986/1987 important developments, strategies and trends. Indispensable for corporate, government and banking executives, institutional investors, industrial purchasers and other decision-makers who should be more fully informed on major French companies.

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AVIONS MARCEL DASSAULT-
BREGUET AVIATION
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PRESENCE)
BANQUE INDOSUEZ
BANQUE NATIONALE DE
PARIS-NE
BEGHIN-SAY
BONTRAIN S.A.
BOUYGUES
BSN
RULL
CASSIE NATIONALE DES
TELECOMMUNICATIONS (CNT)
CAMPERON BERNARD
CAP GENIN SOGETI
CARNAUD
CASINO
CEA-INDUSTRIE
COGE ALSTHOM
COOP (COMPAGNIE GENERALE
D'INDUSTRIE ET DE
PARTICIPATIONS)
CGM GROUP
CHAUSSE S.A.
CLUB MEDITERRANEE
COGEMA
COMPAGNIE DU MIDI
COMPAGNIE FINANCIERE DE
CREDIT INDUSTRIEL ET
COMMERCIAL-OC GROUP
COMPAGNIE GENERALE
D'ELECTRICITE (COE)
COMPAGNIE GENERALE DES EAUX
COMPAGNIE LA HENIN
CREDIT AGRICOLE
CREDIT COMMERCIAL
DE FRANCE (CCF)
CREDIT DU NORD
CREDIT LYONNAIS
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17 Copy
19 Standish
20 Flavourful seed
21 Musical half step
23 Moderately moist
25 Facts and figures
26 Feminine suffix
29 Implements
31 Sharp answer
35 Irritate
37 Layer
39 Composer
40 Volcanic output
41 Unlady
42 Filet border
44 Singles
45 Antid., old style
46 Shorter
48 Agts.
50 Distress signal
51 Small French land masses
53 Part of a plane
55 Type of painter
59 Cuddle
63 Memento of a saint
64 Copy
66 Long-legged shore bird
87 On the ocean
88 Mild explosive
89 Kneaveur
70 Adjacent
71 Congers
DOWN
1 Small apes
2 Canadian
3 Tilts
4 Mixed dish of greens
5 Unbranched flower cluster
6 Greek letter
7 Small children
8 Swiftines
9 Descendant of a son of Noah
10 Copy
11 Unit of weight, for short
12 Adams's address
13 President Mobutu Seko of Zaire
18 Likeness
22 Take a spouse
24 Communion plate
26 Acclamation
27 Fragile
29 Stair part
30 Stair part
32 Monsters
33 Norse chieftain
34 Kilmer classic
35 Sig Bertha's birthplace
41 Etiblie
45 Mushroom
48 Brazilian palm
47 Votes into office
49 Abele
52 Family car
54 V.I.P. at a fete
55 Greek
56 Seines
57 Landed
58 Artifice
60 Senate aide
61 And others: Abb.
62 Muscovites
65 Pod occupant

© New York Times, edited by Eugene Malachuk.

SPORTS BRIEFS

Mansell Edges Piquet in British Grand Prix

SILVERSTONE, England (AP) — Nigel Mansell of Britain overtook Williams-Honda teammate Nelson Piquet of Brazil with two laps to go Sunday and won the British Grand Prix, by 1.918 seconds, for the second successive year. Ayton Senna of Brazil finished third to retain his lead in the drivers' championship standings, by a point over Mansell and Piquet.

Jury Awards 12-Meter Title to New Zealand

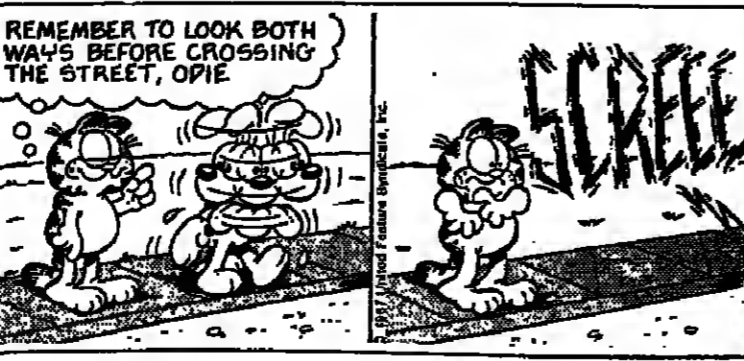
PORTO CERVO, Sardinia (UPI) — The Japanese yacht Bengal was stripped of a victory in the world 12-meter championships and the title awarded to New Zealand by a jury that ruled that Bengal had forced its opponent off course in the decisive third race of the final series.

Cook Takes 1-Stroke Lead in U.S. Golf

WILLIAMSBURG, Virginia (UPI) — John Cook shot a five-under-par 66 Saturday for a one-shot lead over Bobby Clampett after three rounds of the Anheuser-Busch golf tournament. Clampett began the day three strokes off the lead, but birdied four of his last five holes for a round of 65 and a total of 200.

Solution to Friday's Puzzle
GALAHAD SAMOVAR
OVERATE TRIEMER
DEBACLE ALERION
TRA KARAKUL ART
VANE SPIES ANOA
AGONS ADD ABUL
SENATORS HARASS
WORK BURA
RESENT REMODELS
APILE TIP NEAMT
OIMS LOATH SUMO
ITTO PINSEAL LIV
COOKING TZIGANE
AMMONIA TELSTAR
LESSENS ELATERS

PEANUTS



SPORTS

VANTAGE POINT/Steven Crist

Touts, Tips and Lots and Lots of Rumors

New York Times Service
NEW YORK — It took 25 minutes instead of the usual five to negotiate the two furlongs from the parking lot to the press box at Belmont Park on Friday. There was little traffic, this being a twilight racing card with the first post still hours away.

As usual, there were several horses in each race who were rumored ready to win by the length of the homestretch. Lustra and Close Union were knocked from 2-1 to even money in the closing minutes, with a Baldski colt named Once Wild dispatched as the second choice at 4-1 and Crusader Sword once lukewarm on the tote board at 5-1.

WORLD STOCKS IN REVIEW

Amsterdam
Prices on the Amsterdam Stock Exchange were firm last week. The general ANR-CBS share index rose to a record of 313.4, up 2.9 points from the previous week's close.

Paris
The Paris Bourse swung back and forth last week, but the overall trend was good, with the share index gaining 1 percent in value.

Frankfurt
West German share trading was quiet last week, with the Gesamtmarkt index up 0.8 of a point on the previous week to 1,899.4.

Hong Kong
Share prices reached new heights on the Hong Kong Stock Exchange last week before falling back.

London
Last week saw a good net advance on the London Stock Exchange, with a significantly higher trading volume than previous weeks.

Milan
The Milan bourse dropped for the third straight week last week, touching its lowest point since Jan. 2 on Tuesday. The Commit index fell 1.1 percent.

Zurich
The Zurich bourse continued its upward trend last week, with the Credit Suisse index closing Friday at 547.9, up from 539.2 the previous week.

Stock Index Graph
A line graph showing the performance of various stock indices over time, with labels for 'WORLD STOCKS IN REVIEW' and 'Stock Index of the Tokyo Stock Exchange'.

DENNIS THE MENACE



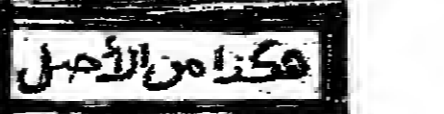
JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
CHTK
SIBAN
WAMIDY
TECKOP
Answers tomorrow.

WEATHER

Table with columns for location (Europe, Asia, Africa, Latin America, North America, Middle East, Oceania) and weather conditions (High, Low, Clouds, etc.).

MONDAY'S FORECAST — CHANDEL: Sunny, FRANKFURT: Partly Sunny, LONDON: Cloudy, MILAN: Partly Sunny, PARIS: Partly Sunny, TOKYO: Partly Sunny, WASHINGTON: Partly Sunny.



SPORTS

Expos Hold Slumping Reds to 3 Hits in 4-2 Victory

The Associated Press CINCINNATI — Bob Sebra and Andy McGaffigan held the Cincinnati Reds to three hits Saturday afternoon and Hubie Brooks doubled in the go-ahead run in the sixth inning as the Montreal Expos rallied, 4-2, to win their third straight.

SUNDAY BASEBALL

Home run to the fifth, Sebra turned in his fourth consecutive strong start. He had gone the distance in his three previous starts, allowing just two earned runs and 14 hits. This time he allowed three hits and three walks in six innings, with McGaffigan pitching the last three for his eighth save.

and Mickey Hatcher drove in four runs with a homer and a two-run single for Los Angeles.

Friday. He also pitched against the Twins last Sunday, but without a decision.

Yankees 6, White Sox 2: In New York, Henry Cotto hit a 440-foot (134-meter) homer, doubled twice and drove in four runs, Don Mattingly homered for the fifth game in a row and Tommy John held Chicago to six hits for seven innings.

Two months ago, Kelly seemed a sure winner of the Vuelta or Tour of Spain, until a groin infection caused him to quit in pain with only three days left in the three-week race. He spent more than two

weeks out of action and it became obvious in the Tour de France that he had not recovered his considerable powers.

Just Friday he finished more than five minutes behind in a time trial that many thought he would win. "It's only one day," he said then. "There are plenty more ahead." There weren't.

Clancy struck out a career-high 11 batters as he checked the Royals on six hits for 7½ innings.

The Blue Jays won three of the four games in the series.

Kelly Crashes Out of Tour de France; Riders Face Tough 2 Days in Pyrenees

By Samuel Abt International Herald Tribune

BORDEAUX — Sean Kelly, ranked the leading professional bicycle racer in the world for the last three years and an early favorite in the Tour de France, fractured his left shoulder in a mass crash Sunday morning and was forced to quit the race.

road. Flinching in pain during another medical inspection, he was led away to a team car.

The 31-year-old Irishman, who rides for the Spain-based KAS team, had been having a poor tour. He stood 41st in overall classification before Sunday's stage, 10 minutes 36 seconds behind the leader, Martial Gayant of the Systeme U team based in France.



Kansas City's Bret Saberhagen (15-3), delivering a pitch to Garth Iorg Saturday in Toronto.

Home Run by Owen Beats Key; Saberhagen Racks Up No. 15

Compiled by Our Staff From Dispatches TORONTO — Bret Saberhagen of the Kansas City Royals won his 15th game this season, a 2-1 triumph over the Toronto Blue Jays, with unexpected help Saturday.

three times, stole two bases and scored three times for New York. But Met starter Terry Letcher, stuck to a 6-1 lead and bidding to improve his record to 9-0, failed to last through the fourth inning.

SATURDAY BASEBALL

Jackson on first with a single — the second hit off Toronto starter Jerry Key — drove an 8-2 pitch just over the left-field fence for the game's first runs.

When Manager Billy Gardner "let me go up and hit," Owen said, "I made me feel great. Not that I was going up there to hit a home run, but it was such an ego lift for me."

Royals' Jackson Eyes Off-Season 'Hobby': The NFL

Compiled by Our Staff From Dispatches TORONTO — Bo Jackson, the rookie outfielder of the Kansas City Royals, would like to play for the Los Angeles Raiders in the National Football League as a hobby.

Kansas City would re-write Jackson's contract to remove a no-football restriction.

Auto Racing

BRITISH GRAND PRIX (At Silverstone, England) Qualifying

1. Nigel Mansell, British, Williams Honda; 1:37:17.80

2. Nelson Piquet, Brazil, Williams Honda; 1:37:25.00

3. Kevin Tanaka, British, Lotus; 1:37:32.00

4. Stefan Johansson, Sweden; 1:37:40.00

5. Gerhard Berger, Austria; 1:37:48.00

6. Michele Alboreto, Italy; 1:37:56.00

7. Andrea de Cesaris, Italy, and Eddie Cheever, U.S., tied at 1:38:04.00

8. Thierry Burtis, Belgium, Benetton Ford; 1:38:12.00

9. Philippe Alliot, France, Renault; 1:38:20.00

10. Rene Arnoux, France, Renault; 1:38:28.00

11. Pierluigi Naro, Italy, Alfa Romeo; 1:38:36.00

12. Aguri Suzuki, Japan, Williams; 1:38:44.00

13. Roberto Benetton, Italy, Benetton Ford; 1:38:52.00

14. Pierluigi Belli, Italy, Alfa Romeo; 1:39:00.00

Tennis

Men's Tournaments (At Gstaad, Switzerland) Quarterfinals

1. Eduardo Benguet, Argentina, def. Alberto Tomba, Spain, 7-5, 3-6, 6-4

2. Jean-Louis Lene, Switzerland, def. Guy Forget, France, 7-5, 7-6, 6-3

3. Ken Flach, U.S., and Sanyal Kravitz, U.S., def. Kevin Cawley, U.S., and Mark Kruger, U.S., 6-4, 6-4

4. Stefan Edberg, Sweden, def. Magnus Larsson, Sweden, 6-3, 6-4

5. Thomas Muster, Austria, def. Boris Becker, West Germany, 6-4, 6-3

Cycling

Men's Tournaments (At Gstaad, Switzerland) Quarterfinals

1. Mortal Govaert, France, 1:32:58.00

2. Luciani Cabrita, Spain, 1:33:10.00

3. Kim Andersen, Denmark, 1:33:22.00

4. Gilles Van Cauwenberghe, Belgium, 1:33:34.00

5. Marc Smeets, Belgium, 1:33:46.00

Transition

BASEBALL American League

BALTIMORE — Released Rick Burston, second baseman, recalled Billy Ripken, infielder, from Rochester of the International League.

NEW YORK — Released Don Tevisbury, pitcher, to Columbus of the International League. Recalled Pete Pisoni, pitcher, from Columbus.

NATIONAL LEAGUE (Continued from page 18)

San Diego 100 98 97 100 100 100 99 100 100 100 99 98 97 96 95 94 93 92 91 90 89 88 87 86 85 84 83 82 81 80 79 78 77 76 75 74 73 72 71 70 69 68 67 66 65 64 63 62 61 60 59 58 57 56 55 54 53 52 51 50 49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1

Transition (Continued from page 18)

Football

Transition (Continued from page 18)

Transition (Continued from page 18)

Transition (Continued from page 18)

Transition (Continued from page 18)

Transition (Continued from page 18)

Transition (Continued from page 18)

SCOREBOARD

A large table with multiple columns and rows listing baseball game results, scores, and statistics for various teams including the Yankees, White Sox, Cardinals, Pirates, Expos, Royals, Red Sox, Athletics, and others. It also includes sections for Major League Standings and National League Standings.

Baseball

Major League Line Scores

FRIDAY'S RESULTS AMERICAN LEAGUE

MAJOR LEAGUE STANDINGS

NATIONAL LEAGUE

Transition

Football

Auto Racing

Tennis

Cycling

Transition

Football

Golf

Soccer

POSTCARD

Adventure Honeymoons

By Sid Kane
New York Times Service
LAST year in the clear skies above California's Napa Valley, 75 couples exchanged vows aboard hot-air balloons...

According to travel agents and tour operators, many of the 70,000-plus couples who plan to tie the knot this summer are booking air tours of Europe, archaeological excursions in Mexico and Central America, bicycle tours in France, scuba-diving vacations in the Caribbean, and safaris in Africa.

"Adventure honeymoons have become quite popular this year," said Douglas Houck, marketing director of Overseas Adventure Travel, in Cambridge, Massachusetts...

Similarly, Micato Safaris of New York, a tour company, has booked 38 honeymoon safaris since last November. "The demand has been incredible," said Maureen Gallace, a company spokeswoman.

Several adventure-travel companies are making a big marketing push for honeymoons. And for good reason. Adventure honeymoons generated as much as \$200 million in revenues last year, Weinreb estimated.

According to Curtis of Balloon Aviation, 25 percent of its 300 balloon flights last year carried newlyweds. The balloon can accommodate a couple and as many as five guests, at a rate of \$145 a person, which covers the wedding ceremony and flight followed by a champagne toast on the ground.

In New York, Aqua Adventures Inc. began marketing what it calls "scuba honeymoons" last summer. The trip, costing \$899 per person, includes airfare from Miami, a one-week stay in the Cayman Islands, and plenty of scuba diving.

The Life of a Hashemite Princess

By Philip Mansel

AMMAN, Jordan — To Princess Fahrelnissa Zeid, niece of a grand vizier of the Ottoman Empire, daughter-in-law of the leader of the Arab Revolt, aunt of King Hussein of Jordan and of the last king of Iraq, much of the history of the Middle East is family history.

Outside, her villa could be any of the plain stone villas of Amman. Inside, starting modern pictures cover the ceiling as well as every inch of the walls. The princess, now over 80 but still strong and lively, is welcoming. "Do have some champagne! Do you like caviar?"

As she talks, decades and frontiers slip away. Only the buzz of her unforgettable "Fahrelnissa" piles of books and a stone set in glass and resin and powered by small electric motors, remind her guests that she is not in Constantinople in the last days of the Ottoman Empire, or Baghdad under the Hashemites.

The princess has vivid memories of her youth in a powerful, cultured family of the late Ottoman aristocracy. Her father, Shukri Pasha, was a general who collected orchids and hired a gardener from Paris to look after them. Her mother, the grand vizier, was author of an excellent history of the Janissaries. At her mother's reception one side of the staircase was lined by slaves in blue, the other by slaves in pink. The holders for coffee cups, known as zarf, were made of gold, studded with jewels: "C'est toi, l'empire ottoman! C'est toi, l'empire ottoman!" exclaims the princess as her orderly pours more champagne.

She met her second husband, Prince Zeid bin Hussein, at a party on the Bosporus. A member of the Hashemite dynasty, which claims to be "the oldest ruling family in the world," he was the son of Sharif Hussein of Mecca, who had launched the Arab Revolt. The king of Iraq and the emir of Transjordan was his brother, and Lawrence of Arabia was a friend of the family. Prince Zeid played a crucial part in the Arab Revolt, which contributed to the defeat of the Ottoman forces in 1918. He was particularly close to his brother King Faisal of Iraq, and during the 1930s he was Iraqi ambassador in Berlin.

The title was Iraqi ambassador in Berlin. She remembers taking the king out from Harrow and telling him at the Queen's Head Hotel: "Faisal, you must not live in your uncle's house. Many young people are waiting for you. You must be with them, you must speak with them, help them." The doomed young king replied: "I understand you, but first I have to have the palace finished" — the palace he was planning to occupy after he was married. When the palace was finished, however, after the revolution of 1958, it was used not by a Hashemite but by the president of the republic. Now the princess of Iraq has more palaces than the Hashemites ever had. Educated at the Istanbul Academy of Art,



Princess Fahrelnissa Zeid.

bloodthirsty Iraqi revolution of 1958 extinguished her creative drive. So many cousins had been killed, including the young King Faisal II, whom she adored. She had warned him not to stay in the shadow of his detested grandfather, the regent Abdil Ilah. She remembers taking the king out from Harrow and telling him at the Queen's Head Hotel: "Faisal, you must not live in your uncle's house. Many young people are waiting for you. You must be with them, you must speak with them, help them." The doomed young king replied: "I understand you, but first I have to have the palace finished" — the palace he was planning to occupy after he was married. When the palace was finished, however, after the revolution of 1958, it was used not by a Hashemite but by the president of the republic. Now the princess of Iraq has more palaces than the Hashemites ever had. Educated at the Istanbul Academy of Art,

Princess Fahrelnissa Zeid had always wanted to paint. All her family has tried, she says, to achieve a personal synthesis of East and West. Details in her pictures are reminiscent of her maternal grandfather, a famous Turkish calligrapher. Her art reflects the color and vigor of her personality, and has been described by a French critic as "an amazing juxtaposition which blows to smithereens the aesthetic categories drawn to separate countries, races and cultures." Now she is at the center of a small artistic circle in Amman, and tries to encourage other people to achieve their own synthesis of East and West in their paintings. The recently founded Royal National Jordanian Fine Arts Institute Fahrelnissa Zeid will continue her mission.

Philip Mansel's most recent book is "The Eagle in Splendor: Napoleon I and His Court."

LANGUAGE

India's Homely English

By Steven R. Weisman

NEW DELHI — Looking for a wife? The classified advertising section of The Hindustan Times in New Delhi offers a match with "a beautiful homely girl" from a good family. Set a time to meet, but if you're especially eager, you can always "prepone" the visit.

Although they have been speaking English on the Indian subcontinent for 300 years — longer than many of you Americans — says an Indian friend — there are those who think the Indians haven't quite got it right.

"Indian English could perhaps best be defined as a language written or spoken by Indians in the belief that it is English," H.Y. Sharada Prasad, Prime Minister Rajiv Gandhi's press spokesman, wrote recently. "The spelling is English. The tone and spirit may not be."

In fact, Indian English has many virtues, among them a certain logic and succinctness. It makes more sense, after all, for a good homemaker to be considered "homely" than somebody with a plain face. And if you can postpone a meeting, why shouldn't you be able to postpone it?

English is spoken by perhaps 2 or 3 percent of the billion or so people who live in the vast territory once embraced by the British Empire, but in time it has evolved in south Asia into a distinctive language with its own logic, idiosyncrasies and culture. The official language of India is Hindi, and in Pakistan it is Urdu, but neither is spoken by a majority of the population. Instead, most people speak regional languages, with the educated classes using English as a link — and a ticket to advancement.

For a foreigner, English usage in India can serve as a kind of social map to certain subtleties of culture and politics since many peculiarities derive from the grammar and modes of thought in south Asia.

Often, I have found myself interviewing a law enforcement official about politically or ethnically inspired killings, only to be assured that the violence was carried out by "bad characters" and other "anti-social elements." But these are not the clichés they seem. Rather, they express the preference of the police — and much of the public — to treat those who murder in the name

of a cause as common criminals, people whose demands can be ignored. Every one of the myriad ethnic disputes in south Asia reflects this dilemma, and there it is summed up in the language itself.

Another example of succinctness is the practice of squashing a noun and verb together to create a new noun-verb. In a crisis, politicians never fly to the capital — they air-tipped triumphantly known as do have their own verb forms, as do street protesters. For some reason, processions are never held, but always "taken out"; and slogans are always "raised," not shouted, before the protesters are lathi-charged by the police.

Economy of expression is also the hallmark of this sort of exchange found among ethnic Tamils in south India:

"How are you, I hope?" "Oh, yes."

But succinctness also has its hazards. I have learned to be wary when a bureaucrat promises to "do the needful," lest he anticipate his needs instead of mine.

On the other hand, there is a lot of aggrandizing and long-windedness involved, too. The Latinate expressions of Indian English, for example, seem to reflect a general love of rhetoric, bombast, courtesy or indirection.

People who die meet with an "untimely demise," and their families are "condoled" by friends, just as they have been "facilitated" on happier occasions. The Indian government establishes courts — "commissions," then gets into debates about their "modalities," only to discover "lacunae" in their terms of reference.

One of my favorites is the word "insipiduous," as in "insipiduous tendencies," a common expression in India, Sri Lanka and Pakistan. The word comes not from Sanskrit or Persian, the roots of northern Indian languages, but from Latin for splitting apart, which has also given us fissure and nuclear fission. "Insipiduousness" is a global problem, but I have never heard of this good word being used in the Middle East, say, or any other part of the world.

Steven R. Weisman is chief of The New York Times's New Delhi bureau. William Safire is on vacation.

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